

**STATEMENT OF  
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U.S. GENERAL SERVICES ADMINISTRATION  
BEFORE THE  
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,  
PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT  
COMMITTEE ON TRANSPORTATION  
AND INFRASTRUCTURE  
U.S. HOUSE OF REPRESENTATIVES  
MARCH 30, 2006**



Good morning, Mr. Chairman and Members of the Subcommittee. My name is David L. Winstead and I am the Commissioner of the Public Buildings Service (PBS), U.S. General Services Administration (GSA). Thank you for inviting me here today to discuss GSA's fiscal year 2007 Capital Investment and Leasing Program.

It is the PBS mission to provide a superior workplace for the Federal worker and a superior value for the American taxpayer. In support of our mission, PBS is charged with the responsibility of managing the Federal Buildings Fund (FBF), a revolving fund created by Congress in 1972 that funds the space needs of more than 59 Federal agencies using a market based approach. Each year, Congress appropriates funds to our customer agencies who then pay user fees or rent approximating the equivalent of commercial charges reflecting the amount and value of space occupied. One of the purposes of requiring agencies to pay rent is to encourage them to weigh the cost of space against other federal priorities. This funding approach requires agencies to make choices and balance their demand for space with their ability to fund mission program. At the same time, GSA affords flexibility to each agency in the selection of space location, quality and amenities. Congress relies on the FBF to provide a reliable source of funds for GSA to rent space from the private sector, operate, maintain, repair and modernize government-owned facilities, and construct new Federal facilities in support of GSA's customer agency missions.

We are pleased to have submitted the Capital Investment and Leasing Program in mid-February this year. I am testifying before you today in support of your authorization of this program. GSA requests your authorization of the individual projects that make up the capital program because we believe they reflect projects that wisely invest scarce taxpayer dollars that will ultimately best support our customer agencies and maintain the Federal real estate portfolio.

More specifically, we have analyzed these projects and determined that they

address the most critical customer needs as well as meet the President's rightsizing goals for real property asset management, such as:

- ◆ Acquiring or constructing new government-owned assets where there is a long-term customer need and it is the most cost advantageous to the government and the taxpayer;
- ◆ Reducing the number of vacant and underutilized facilities;
- ◆ Improving the condition of mission-critical and mission-dependent assets to ensure continued functionality and safeguard the health and life safety of building occupants; and
- ◆ Improve the operating efficiency of key facilities to reduce costs and assist the Agency in achieving the energy efficiency goals of the Energy Policy Act of 2005.

### REPAIR AND ALTERATIONS

GSA is the steward of over 1,500 Federal buildings, which have a replacement value of about \$41.1 billion. We are requesting a Repair and Alterations Program of \$866 million to maintain and improve those properties that are the most critical to help of our customer agencies successfully carry out their missions.

The highlights of GSA's fiscal year 2007 Repair and Alterations Program include:

- ◆ \$375 million for the Basic Program;
- ◆ \$23 million for the Limited Scope Program;
- ◆ \$398 million for Major Modernization;
- ◆ \$25 million for the Design Program;
- ◆ \$15 million for the Energy Program;
- ◆ \$10 million for the CFC Program;
- ◆ \$10 million for the Glass Fragmentation Program; and
- ◆ \$10 million for the Fire and Life Safety Program.

I should note that we evaluate and rank our repair and alterations proposals

based on the following criteria:

- ◆ Customer urgency based on mission requirements and overall satisfaction levels;
- ◆ Physical urgency based on building conditions and needs;
- ◆ Economic justification in terms of financial return and present value cost; and
- ◆ Project timing and execution risk.

The projects before you today have passed these criteria and reflect sound investment in the owned portfolio and the best value for the American taxpayers.

### NEW CONSTRUCTION

We are requesting a Construction and Acquisition of Facilities Program of \$690 million. PBS traditionally pursues a construction and ownership solution for special purpose and unique facilities (such as border stations and courthouses), which are not readily available in the real estate market. In addition, we recommend new construction where it will meet the new housing needs of a specific agency or to consolidate several dispersed agencies with long-term needs in a given locality. Our construction request includes funding for site acquisition, design, construction, and the management and inspection costs of these Federal facilities. This year our new construction program reflects long-term customer needs in the Washington, D.C. area for agency headquarters and significant funding for border stations in support of Customs and Border Protection's "Secure the Border Initiative."

The highlights of GSA's fiscal year 2007 Program include:

- ◆ \$306 million for the Coast Guard Consolidation and Additional Development for Federal Agency Relocation to the St. Elizabeths Campus in Washington, DC;

- ◆ \$179 million for the Food and Drug Administration Consolidation at White Oak, MD;
- ◆ \$40 million for the Remote Delivery Facility in Washington, DC;
- ◆ \$6 million for general infrastructure activities;
- ◆ \$53 million for transfer to the Department of the Navy;
- ◆ \$97 million for site acquisition, design, and construction of 8 border stations; and
- ◆ \$10 million for the Non-prospectus Construction Program.

### LEASING PROGRAM

GSA has a total leased inventory of over 166.8 million square feet located in 7,200 buildings across the United States and its territories. We are pleased that the vacant space within our leased inventory is only 1.2 percent—a figure well below the national industry average of 12.5 percent. In terms of cost to our tenants, we strive to keep leasing costs at or below market levels and have developed comprehensive strategies to do so, including the standard use of industry benchmarks and market surveys to comparison shop for the best value for our customers. This year we have submitted 19 lease prospectuses for your consideration. This constitutes the majority of our Leasing Program Submission. We are currently working on additional proposals and only the most critical requirements needing Committee approval will be sent to you.

#### **Budget Constraints**

As a general note for the Members of the Subcommittee, I would like to highlight GSA's efforts to best serve our customer agencies in this time of budget constraint, as well as our role in the Administration-wide effort to improve real property asset management.

At a time when Federal budgets are shrinking, Federal agencies are examining ways to manage costs, including the cost of workspace. GSA is collaborating with all of our tenant agencies to identify feasible approaches to address customer financial constraints while preserving the necessary capital for the FBF. For example, we are identifying opportunities to:

- ◆ Improving our operational efficiency to reduce cost to customer agencies;
- ◆ Managing procurements to ensure GSA is achieving the best value at a fair cost;
- ◆ Providing more information for customer decision-making;
- ◆ Consolidating requirements and maximizing customer utilization of space; and
- ◆ Using our real estate expertise to identify cost savings opportunities in the markets.

Through these efforts, we are working with our customers to better manage their costs and budget constraints while meeting their requirements.

### **Asset Management**

In 2004, President George W. Bush issued E.O. 13327, Federal Real Property Asset Management, which focuses Government efforts on real property asset management and the stewardship of taxpayers' real property resources. In this era of heightened focus on the wise use of taxpayer resources, I am pleased to report that GSA was the first agency to achieve the "Green" designation on the Real Property Asset Management Scorecard.

Mr. Chairman, that concludes my prepared statement, and I will be pleased to answer any questions that you or Members of the Subcommittee may have about our proposed fiscal year 2007 Capital Investment and Leasing Program, or any other aspects of the public buildings program.